

**MINUTES OF THE
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
January 29, 2007
Room W130, West Office, Building, State Capitol Complex**

MEMBERS PRESENT: Sen. Dennis Stowell, Co-Chair
Rep. Ben Ferry, Co-Chair
Sen. Margaret Dayton
Rep. Roger Barrus
Rep. Jack Draxler
Rep. Carl Duckworth
Rep. Kerry W. Gibson
Rep. James R. Gowans
Rep. John G. Mathis
Rep. Michael E. Noel
Rep. Steve Sandstrom

MEMBERS ABSENT: Sen. Mike Dmitrich and Sen. John Valentine

STAFF: Ivan Djambov, Fiscal Analyst
Diane Obeshaw, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

SPEAKERS: Commissioner Leonard Blackham, Department of Agriculture and Food, Rick Allis, Director of The Utah Geological Survey, John Kingsley, Deputy Director of Finance for Utah Geological Survey, Jerry Olds, State Engineer/Director Division of Water Rights,

Sen. Stowell called the meeting to order at 2:16 p.m.

Leonard Blackham, Dept. of Agriculture, began by requesting additional \$150,000 from the ARDL restricted account and \$50,000 Rural Rehab restricted account which are both revolving loan funds. These funds would be used to fund the personnel portion of the Grazing Improvement Program (GIF).

Ivan Djambov, Fiscal Analyst, introduced the Utah Geological Survey (UGS) program and fees. He stated that UGS is an applied scientific agency that creates, interprets and provides information about Utah's geological environment, resources and hazards with the goal to promote safe, beneficial and wise use of Utah's land. Mr. Djambov briefly spoke about the administration and the technical services and programs and the funding details. He stated that in FY 2005, \$81,600 in General Funds was transferred from the Utah Energy Office to UGS, as well as the authority for the Renewable Tax Credit and certain federally-related programs.

Mr. Djambov also stated that in 2006, the Legislature allocated \$122,000 of ongoing General Funds to the Ground Water and Paleontology program for hydrogeologic studies, after two years of one-time funding. The Fiscal Analyst explained that statute (UCA59-21-1 and 2) allocates 2.25 percent of the state's share of federal mineral lease royalties to UGS. These receipts are a crucial part of the Division's revenue, and in recent years have ranged between 20 and 40% of the total budget, depending on current energy prices. Typically, the mineral lease revenues follow the natural gas prices with a two-month lag, but are difficult to predict due to variable production reporting systems. The UGS had reported that in FY 2006 mineral lease revenue peaked at \$2.8 million due to the effects of Hurricane Katrina on natural gas production. But that in FY 2007, the natural gas price in Utah has decreased to about half the peak price in FY 2006, and that UGS have reported that the mineral lease funding is expected to be about \$2.1 million.

Rick Allis, UGS Director, and John Kingsley, Deputy Director, had handouts highlighting the UGS activities for FY 2007.

Mr. Allis shared a proposal outlining the costs of drilling, testing and monitoring of ground-water wells around the Snake Valley, western Utah. This proposal requires a one-time appropriation of \$2 million. The proposed work includes: between 10-20 new wells (depending on actual drilling costs), installation of automated water level monitors in the new wells, geologic logs of well cuttings, and geophysical logs in wells to characterize country rock, at least two pump-tests of the carbonate aquifer will be carried out, extensive water chemistry and environmental isotope measurements will be made to characterize the aquifers, and a draft final report by the end of FY08 and interim reports to the legislature and local jurisdictions as required. Mr. Allis stated that this proposed work could begin in FY07 if funding becomes immediately available and drilling contracts can be promptly awarded.

Jerry Olds, State Engineer/Director Division of Water Rights, requested money for ongoing monitoring for those wells, and he stated the reasons for the monitoring. July 1, 2007 is when they wanted to start the work. He stated that \$6,750 per station is what they need, and they presently have six stations.

MOTION: Sen. Dayton moved to adjourn the meeting at 3:15 p.m. The motion passed unanimously with Rep. Noel absent for the vote.